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GUIDE TO MANAGEMENT IMPROVEMENT

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**U. S. Department of Agriculture
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(Prepared by the Management Division of
REA for staff and borrower use.)

INTRODUCTION

There are two kinds of efficiency: one kind is only apparent and is produced in organizations through the exercise of mere discipline. This is but a simulation of the second, or true, efficiency which springs, as Woodrow Wilson said, from "the spontaneous cooperation of a free people." If you are a manager, no matter how great or small your responsibility, it is your job, in the final analysis, to create and develop this voluntary cooperation among the people whom you supervise. For, no matter how powerful a combination of money, machines and materials a company may have, this is a dead and sterile thing without a team of willing, thinking and articulate people to guide it.

Rapidly shifting conditions arising out of the world situation and the defense mobilization program place a pre-

mium on management's ability to adapt itself to changing times. Sound management is the greatest protection a rural electric system can provide, now and in the future, to safeguard the interests of those it serves.

Putting good management principles and practices into effect requires constant work and study. This guide to management improvement planning is an outline designed to provide a framework around which an individual management plan may be built.

BASIC MANAGEMENT PRINCIPLES

- PLANNING -- Define objectives, policies and activities and method of accomplishment.
- ORGANIZING -- Design organization structure and define staffing requirements.
- BUDGETING -- The budget is a work-plan with a dollar sign attached.
- STAFFING -- Select and train competent personnel for the job.
- DIRECTING -- Top Management directs overall plans and delegates authority.

CO-ORDINATING-- Supervisor coordinates direction into action.

APPRAISING -- Record and analyze experience to determine results.

STANDARDIZING-- Simplify, combine and standardize to achieve results.

BASIC ORGANIZATION PRINCIPLES

- I. Assign each necessary function of the organization to a specific person or office.
- II. The responsibilities assigned to the person or office are specifically clear-cut and understood.

III. Consistent methods of organizational structure should be applied at each level of the organization.

IV. Each Member of the organization knows:

(a) To whom he reports.

(b) Who reports to him.

V. No member of an organization reports to more than one supervisor.

VI. Personnel or offices reporting directly to a supervisor do not exceed the number which can be effectively coordinated and directed.

VII. Delegate authority and responsibility for action to persons or offices responsible for actual operations to the greatest extent possible. (Providing that

it does not hamper necessary control over policy or the standardization of procedures.)

VIII. Top officials should exercise control through attention to policy problems of exceptional importance rather than through review of routine action of subordinates.

IX. Organization should never be permitted to grow so elaborate as to hinder work accomplishment.

TEN COMMANDMENTS OF GOOD ORGANIZATION*

1. Definite and clean-cut responsibilities should be assigned to each executive.
2. Responsibility should always be coupled with corresponding authority.

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3. No change should be made in the scope or responsibilities of a position without a definite understanding to that effect on the part of all persons concerned.
4. No executive or employee, occupying a single position in the organization, should be subject to definite orders from more than one source.
5. Orders should never be given to subordinates over the head of a responsible executive. Rather than do this the officer in question should be supplanted.
6. Criticisms of subordinates should, whenever possible, be made privately, and in no case should a subordinate be criticized in the presence of executives or employees of equal or lower rank.

7. No dispute or difference between executives or employees as to authority or responsibilities should be considered too trivial for prompt and careful adjudication.
8. Promotions, wage changes, and disciplinary action should always be approved by the executive immediately superior to the directly responsible.
9. No executive or employee should ever be required, or expected, to be at the same time an assistant to, and critic of, another.
10. Any executive whose work is subject to regular inspection should, whenever practicable, be given the assistance and facilities necessary to enable him to maintain an independent check of the quality of his work.

HOW TO MAKE A POLICY

Policy is the application of principles of sound management to specific important phases in the conduct of an organization's business.

1. Determine OBJECTIVES of major policy action.
2. Get all the FACTS.
 - (a) Review old records affecting problems under discussion.
 - (b) Find what rules and regulations apply.
 - (c) Talk to individuals concerned, get opinions.
3. Consider evidence and MAKE DECISION.
 - (a) Fit all facts together.
 - (b) Determine possible actions.
 - (c) Consider effect of each possibility on whole program.
 - (d) Make the policy decision.
 - (e) Decide who is responsible.
 - (f) Write down the policy statement.

4. Execute policy

- (a) Issue signed statements
- (b) Provide for keeping them available (Policy Book)
- (c) Explain details when necessary
- (d) Maintain follow-up

REVIEW POLICY PERIODICALLY -- KEEP IT FLEXIBLE

BUDGETING AS A MANAGEMENT TOOL

Cash Budget is link between Management's business planning and its financial resources.

Accrual Budget is link between Management's business planning and its actual execution of the plans.

Budgeting is charting a course in advance.

Essential elements are:

- A. A financially feasible plan of operations.
- B. A procedure for formulating, authorizing, executing and controlling the plan of operations.

Step I -- Budget Formulation.

- A. Planning a systematic schedule of activities to accomplish objectives within policy, taking suggestions from all key personnel.
- B. Estimating resources available.
- C. Estimating materials, man-power, and costs required for scheduled activities.
- D. Formulating estimates in terms comparable to the accounting system.

E. Determining net results expected in cash and net margins.

Step II -- Budget Execution and Program Evaluation.

A. Formal approval of budgeted plans by top management.

B. Communicate approved budget to all personnel with instructions for carrying it out.

C. Compare actual performance with budget plans regularly, adjusting operations or budget for differences as necessary.

HOW TO IMPROVE WORK METHODS

A practical plan to help you get MORE and BETTER WORK done in LESS TIME and with LESS EFFORT at the lowest cost by making the best use of the Manpower, Materials, and Equipment now available.

STEP I.--BREAK DOWN the operation.

List all details exactly as done by the present method.

(Be sure details include everything you or others do in using manpower, materials, and equipment.)

STEP II.--QUESTION every detail.

1. Ask these questions:

WHY is it necessary?

WHAT is its purpose?

WHERE should it be done?

WHEN should it be done?

WHO should do it?

HOW is "the best way" to do it?

2. Also question the:

Office Layout, Work-places, Equipment, Flow of Work, Safety, Forms, Form Letters; Reviewing, and all other Procedures.

STEP III.--DEVELOP the new method.

(In cooperation with others)

1. ELIMINATE unnecessary details.
2. COMBINE details when practicable.
3. REARRANGE for better sequence.
4. SIMPLIFY all necessary details:
 - Make the work easier.
 - Simplify checking, reviewing, and other control procedures.
 - Pre-position equipment, supplies, and papers at the best places in the proper work area.
 - Let both hands do useful work, use devices for holding.
 - Use preprinted material; simplify forms where practicable.
5. LIST DETAILS of new method.

STEP IV.--APPLY the new method.

1. WRITE up your proposal.
2. Sell the new method to all concerned.
3. Get necessary APPROVALS.
4. Put the new method to work. USE it until a better way is developed.
5. Give CREDIT where credit is due.

HOW TO GET READY TO INSTRUCT

Have a Time Table--

how much skill you expect him to have,
and how soon.

Have a Job Breakdown--

list principal steps.
pick out the key points.

Have Equipment and Materials Ready--

the right equipment, materials, and
supplies.

Have Work Place Properly Arranged--

just as the employee will be expected
to keep it.

HOW TO INSTRUCT

Step 1--Prepare the Employee

Put him at ease.

State specific job.

Find out what he knows about the job.

Develop interest and desire to learn.

Place him in correct learning position.

Step 2--Present the Job

Tell and Show and Illustrate and Question.

One step at a time.

Stress key points.

No more than he can master.

Step 3--Try Out Performance

Have him do job and correct errors.

Have him do job again and explain.

Have him explain KEY points.

Question him--what, why, how.

Continue until YOU know that HE knows.

Step 4--Follow Up

Put him on his own.

Tell him where to go for help.

Check frequently and encourage questions.

Taper off coaching.

GROUP DISCUSSION LEADERSHIP

SIMPLE ORDER OF MEETING

1. Order of "business" activity.

- | | |
|---------------------------|-----------------|
| a. Call to order | d. Old business |
| b. Roll call | e. Reports |
| c. Minutes | f. Discussion |
| g. Plans for next meeting | |

2. Recreation: home-made fun.

3. Refreshments: plain; no competition.

STEPS IN ORDERLY DISCUSSION

1. What is the problem?

- Preliminary statement of problem.
- What do we know about it?
- What do we not know?
- Clear summary statement problem.

2. What can we do about this problem?

- a. What are solutions we suggest?
 - b. Advantages and disadvantages?
 - c. Decide on best solution; reasons.
3. How can we get action?
- a. What steps can we take to get action?
 - b. Where and how shall we begin?
 - c. Who shall start?

LEADING THE DISCUSSION

1. Be informal.
Simple words. Simple rules of order.
2. Make group responsible.
Let group answer questions, define problems, suggest solutions, decide action, determine steps. Delegate jobs.
3. Ask questions.
How did we get this way? Why? What has been your experience? What is your opinion? Who can give us the

facts? Wherein do we agree or disagree?

4. Get everyone to participate.

Give everyone chance to take part
Don't force talking. Stimulate.

5. Keep discussion on topic.

Permit only minor side-tracks.

6. Point out progress.

Give or request periodic and final summaries.

7. Have "action" ending.

Arrive at decision, such as: next steps, need for more information, etc. End before discussion lags.

8. Follow discussion steps.

FOUNDATION OF GOOD JOB RELATIONS

A SUPERVISOR GETS RESULTS THROUGH PEOPLE

Foundations for Good Relations

Let each worker know how he is getting along.

Figure out what you expect of him.

Point out ways to improve.

Give credit when due.

Look for extra or unusual performance.

Tell him while "it's hot."

Tell people in advance about changes that will affect them.

Tell them WHY if possible.

Get them to accept the change.

Make best use of each person's ability.

Look for ability not now being used.
Never stand in a man's way.

People Must Be Treated As Individuals.

HOW TO HANDLE A PROBLEM

Determine Objective

1.--GET THE FACTS.

Check Policies.

Review the record.

Find out what rules and customs
apply.

Talk with individuals concerned.

Get opinions and feelings.

Be sure you have the whole story.

2.--WEIGH AND DECIDE.

Fit the facts together.

Consider their bearing on each other.

What possible actions are there?

Check practices and policies.

Consider objective and effect on individual, group, and program.

Don't jump at conclusions.

3. -- TAKE ACTION.

Who is to do what?

When should it be done?

Does everyone know how?

Is follow-up planned? Who, when, and how?

Watch the timing of your action.

Don't pass the buck.

4. -- CHECK RESULTS.

How soon will you follow up?

How often will you need to check up?

Watch for changes in plan, attitudes, and relationships.

Did your action help the organization?



